

Board Meeting Minutes
March 19, 2019

Present in person were:

Sarah Godlewski, Board Chair	State Treasurer
Jonathan Barry, Executive Secretary	Board of Commissioners of Public Lands
Vicki Halverson, Office Manager	Board of Commissioners of Public Lands
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands

Present via teleconference were:

Doug La Follette, Commissioner	Secretary of State
Josh Kaul, Commissioner	Attorney General

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:00 p.m.

ITEM 2. APPROVE MINUTES - MARCH 5, 2019

MOTION: Commissioner La Follette moved to approve the minutes; Board Chair Godlewski seconded the motion.

DISCUSSION: Commissioner Kaul noted a typographical error in paragraph four of item five on page five of the minutes (i.e., the word “statute” should be changed to “statutory”).

Commissioner Kaul asked if the reference to past audits in the minutes referred to audits of the unclaimed property program or entities that collect unclaimed property. Executive Secretary Barry replied that they were third-party audits of businesses in multiple states to ensure full reporting of unclaimed property to the State of Wisconsin. Legislation was introduced in the 2017-2018 legislative session that repealed the right of the state to participate in third-party audits. While the state could conduct its own audit, there are no auditors to perform that duty.

Board Chair Godlewski added that the Unclaimed Property Program was, at one time, administered by the State Treasurer’s Office. Currently, the Department of Revenue (DOR) processes claims and administers the program, while the State Treasurer’s Office is responsible for promoting the program to reunite individuals with their property.

Executive Secretary Barry said he would provide to the Commissioners an abbreviated version of the statutory language that modified the program.

Commissioner La Follette expressed his concern regarding the lack of audits and asked if an audit could be requested. Board Chair Godlewski replied that she will be meeting with DOJ legal counsel to discuss that matter and will give an update at the next board meeting.

The March 5 minutes will include a correction of the typographical error and a clarification of which entity or program Board Chair Godlewski is referring to regarding audits.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Greenville Outagamie County Application #: 02019111 Purpose: Construct public safety building	Town Rate: 4.25% Term: 2 years	General Obligation	\$6,750,000.00
2. Lake Denoon Lake District Waukesha County Application #: 02019110 Purpose: Finance weed abatement program	Lake District Rate: 4.25% Term: 3 years	General Obligation	\$30,000.00
3. Twin Lakes Kenosha County Application #: 02019112 Purpose: Purchase fire truck	Village Rate: 4.50% Term: 10 years	General Obligation	\$574,731.00
	TOTAL		\$7,354,731.00

Mr. Snider reported that the loans had received legal review by the Department of Justice. He added that it is likely that the municipalities above may request new loan applications to take advantage of lower interest rates, which the Board will discuss and potentially ratify in the next agenda item.

MOTION: Commissioner Kaul moved to approve the loans; Board Chair Godlewski seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 4. RATIFY ADJUSTMENTS TO LOAN PROGRAM INTEREST RATES

Staff explained that loan interest rates were adjusted in October 2018. Market interest rates stabilized at lower levels in recent weeks, so staff recommended reducing loan rates by 0.25% for all loan terms. In accordance with Board policy, the Executive Secretary and Board Chair authorized the change effective March 18.

MOTION: Commissioner Kaul moved to ratify the changes to the loan program interest rates; Board Chair Godlewski seconded the motion.

DISCUSSION: None

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands ratifies the changes in BCPL State Trust Fund Loan Program, with annual interest rates to be set at 4.00% for 2-year loans; 4.00% for 3-5 year loans; 4.25% for 6-10 year loans; and 4.50% for 11-20 year loans.

ITEM 5. EXECUTIVE SECRETARY'S REPORT

- **Discuss Key Provisions of Joint Legislative Council Recommendations**

Executive Secretary Barry reported that the Joint Legislative Council Committee released their [report](#)ⁱ of the investment and use of the School Trust Funds and introduced two Assembly billsⁱⁱ. He and staff recommend that the Commissioners take no position on [Assembly Bill 48](#) but support [Assembly Bill 49](#). Assembly Bill 49 would allow the BCPL Commissioners to contract with the State of Wisconsin Investment Board (SWIB) to invest all or part of the School Trust Funds.

Board Chair Godlewski asked what precludes BCPL from working with SWIB at this time. Executive Secretary Barry replied that while BCPL can ask SWIB to invest the Trust Funds, SWIB can only invest in fixed-income instruments. They are not allowed to exercise prudent person investing authority; Assembly Bill 49 would allow that.

MOTION: Commissioner La Follette moved to support 2019 Assembly Bill 49 and take no position on 2019 Assembly Bill 48; Board Chair Godlewski seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 3-0.

Executive Secretary Barry said the report also included a recommendation that the Legislature conduct a study in the future of the results of the Board's expanded investment authority.

Executive Secretary Barry said that an orientation meeting with freshmen legislators was scheduled for March 27. It will be held in Room 330 Southwest of the State Capitol from 8:30 AM to 9:30 AM. The meeting objectives include introducing legislators to BCPL, explain how their legislative district benefits from the State Trust Fund Loan Program and public school library aid, and how they can assist communities within their district access financing from BCPL for public purpose projects.

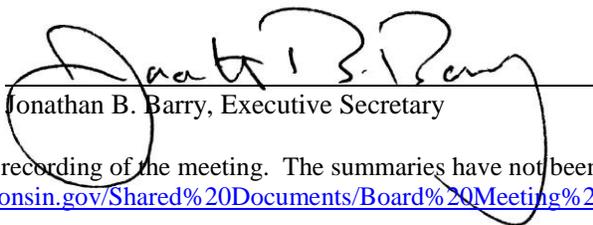
ITEM 6. FUTURE AGENDA ITEMS

In addition to routine business, the April 2 board meeting agenda will include the following:

- Report on Legal Advice from DOJ Regarding State Treasurer's Ability to Audit and/or Request Audits of Unclaimed Property Program - Board Chair Godlewski
- Discuss Revenue Generation Options from Trust Lands - Board Chair Godlewski

ITEM 7. ADJOURN

The meeting adjourned at 2:41 p.m.


Jonathan B. Barry, Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim. Link to audio recording: https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2019/2019-03-19_BoardMtgRecording.mp3

ⁱ Joint Legislative Council's Report
https://docs.legis.wisconsin.gov/misc/lc/study/2018/1788/070_joint_legislative_council_recommendations_to_the_2019_20_legislature/001_jlcr_2019_04

ii 2019 Assembly Bill 48

https://docs.legis.wisconsin.gov/misc/lc/study/2018/1788/070_joint_legislative_council_recommendations_to_the_2019_20_legislature/2019_ab_48

2019 Assembly Bill 49

https://docs.legis.wisconsin.gov/misc/lc/study/2018/1788/070_joint_legislative_council_recommendations_to_the_2019_20_legislature/2019_ab_49